

Calendar No. 1440

77TH CONGRESS }
2d Session }

SENATE

{ REPORT
No. 1394

GRANTING A PREFERENCE RIGHT TO CERTAIN OIL AND GAS LESSEES

MAY 25, 1942.—Ordered to be printed

Mr. HATCH, from the Committee on Public Lands and Surveys,
submitted the following

REPORT

[To accompany H. R. 6071]

The Committee on Public Lands and Surveys, to whom was referred the bill (H. R. 6071) to grant a preference right to certain oil and gas lessees, having considered the same report favorably thereon with amendment as follows, and with the recommendation that the bill, as amended, do pass.

On page 2, after line 6, insert the following new section:

SEC. 2. The Secretary of the Interior is authorized to make a compromise settlement of any claim for accrued rental under a lease issued pursuant to the provisions of section 13 of such Act of February 25, 1920, as amended, in any case in which he determines that it would be financially beneficial to the United States to make such a compromise settlement or in any case in which he determines that collection of the full amount of such accrued rental from the lessee is inadvisable because of the lessee's financial resources being limited.

A letter from the Department of the Interior to the Speaker of the House of Representatives, requesting the enactment of this legislation, is hereinbelow set forth in full and made a part of this report.

DEPARTMENT OF THE INTERIOR,
Washington, October 28, 1941.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: Enclosed is a draft of a proposed bill to provide for a 90-day preference right to certain oil and gas lessees.

The noncompetitive oil and gas leases issued pursuant to the amendatory act of August 21, 1935 (49 Stat. 674), are for a term of 5 years and so long thereafter as oil or gas is produced in paying quantities. The proposed bill applies only to those leases which will expire because no discovery of oil or gas in paying quantities was made within the 5-year period, and if enacted would give to the holders of the expiring leases opportunity for a period of 90 days to obtain new leases of the lands, but on the same terms and conditions as a lease would be

granted to other applicants. Such legislation is desirable in order that those lessees who have made expenditures under their leases but have not succeeded within the 5-year term of the lease to discover oil or gas, and who desire further opportunity to explore the land, may obtain additional time in which to do so.

It is respectfully requested that the enclosed draft of the bill be submitted to the House of Representatives for appropriate action.

I have been advised by the Bureau of the Budget that there will be no objection to the presentation of this proposed legislation.

Very truly yours,

JOHN J. DEMPSEY,
Acting Secretary of the Interior.

A BILL To grant a preference right to certain oil and gas lessees

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That upon the expiration of the five-year term of any noncompetitive oil and gas lease issued pursuant to the provisions of the Act of August 21, 1935 (49 Stat. 674), amending the Act of February 25, 1920, and maintained in accordance with the applicable statutory requirements and regulations, the record titleholder shall be entitled to a preference right over others to a new lease for the same land pursuant to the provisions of section 17 of the Act of February 25, 1920, as amended, and under such rules and regulations as are then in force, if he shall file an application therefor within ninety days prior to the date of the expiration of the lease. The preference right herein granted shall not apply to lands which on the date of the expiration of a lease are within the known geologic structure of a producing oil or gas field.